

REMARKS/ARGUMENTS

By this paper, Applicant requests clarification of the Office Action of October 20, 2005 and respectfully requests reconsideration of the application.

Claims 1-118 are now pending, a total of 118 claims. Claims 1, 2, 28, 31, 53, 56, 60, 74, 93, and 102 are independent. Claims 1-55 and 60-118 are allowed, and 57 is indicated to recite allowable subject matter. As noted below, the Office Action is too incomplete to comply with the rules, and therefore raises no prior art rejection of any claim.

Applicant thanks Examiner Chencinski for an interview of December 19, 2005. The Examiner's Interview Summary is supplemented below.

I. § 101 Issues

In the interview, it was agreed that any § 101 issue that may have existed was resolved.

II. Claim 56

The Office Action compares isolated excerpts from claim 56 to the Little article in combination with the Weatherly article, at ¶ 4. Claim 56 recites as follows:

56. A method, comprising the steps of:

leasing an interest in real estate from a special purpose entity to a tenant, the special purpose entity being a legal entity owned by a landlord of the real estate that includes the leased interest, the special purpose entity owning the lease of the leased interest, development of an asset underlying the leased interest being financed by debt issued by the special purpose entity, the debt being non-recourse against the special purpose entity, the landlord and the asset;

wherein at least some portion of originating, managing, or analyzing the lease is performed on a computer.¹

Applicant has requested clear showings of the correspondence between any prior art and the four underlined portions of claim 56. (E.g., Response to Office Action 3/31/2003, §§ VII.A and VII.B, pages 10, 15-16; request renewed April 30, 2004 at page 24). Applicant is a bit surprised that the October 2005 Office Action still contains no clear showing of the

¹ Servicing the lease, for example by generating monthly invoices, or crediting payments to account, is either literally within "managing," or is equivalent to "originating, managing, or analyzing" the lease.

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correspondence between the underlined portions and the references. This application has been pending for nearly six years. The Office has still not provided a complete first Office Action on the merits for claim 56. Applicant understands that the bulk of the problem arose on under a previous Examiner, and appreciates the fruitful progress made in the Office Action and the December interview. Nonetheless, Applicant requests clarification on the following points, and is unable to respond directly to any rejection until a rejection is stated completely enough to convey the Examiner's view of the entire claim.

A. Request for Confirmation of Relevance

The Office Action designates the following portions of the Little reference. Because the Office Action does not "explain" the pertinence of the portions designated², there is some uncertainty in ascertaining the Examiner's view. Applicant requests that the Examiner confirm that these are the sections that were intended to be designated, so that it will be clear that both parties are proceeding from a common starting point:

Page 36, col. 1, lines 3-7 (is this a typo?):³

A synthetic lease is a financing arrangement that is treated as a lease for financial accounting purposes and a loan for Federal income tax purposes.

Page 36, col. 2, lines 19-25:

The lessor views the arrangement as a credit transaction with the lessee retaining all construction and operational risks. In essence, the lessor is making a loan that it expects to be repaid through the rent payable under the lease.

Page 43, col. 2, lines 34-36 (is this a typo?):

The structure of the lease is determined at least in part by the accounting rules noted above.

² See the discussion of 37 C.F.R. § 1.104(c)(2) in § II.B, below.

³ If there is a typo in the Office Action, Applicant observes that the "explanation of pertinence" required by 37 C.F.R. § 1.104(c)(2) is very helpful in providing additional information to allow the Office Action to be understood, even if the designation is mistyped. If there is no typo in the Office Action, the "explanation of pertinence" is helpful in conveying the Examiner's view when the correspondence is as attenuated as it is here.

Page 42, col. 1, lines 4-8:

The first test of EITF 90-15 is met in a synthetic lease if the transaction is structured using a special purpose entity, as described below, as the lessor.

B. Request for Complete Consideration of Claim 56

37 C.F.R. § 1.104(c)(2) reads as follows (underline added):

§ 1.104 Nature of examination.

(c) Rejection of claims.

(2) In rejecting claims for want of novelty or for obviousness, the examiner must cite the best references at his or her command. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified.

Note that Rule 104 requires two separate things, a “designation” of portions relied on, and an explanation of “pertinence.” Typically, to meet the second requirement, Office Actions proceed clause-by-clause of a claim (rather than broad-brushing large chunks of a claim all at once), and give the names of particular elements of the reference in parentheses, so that the correspondence between the reference and the claim will be clear. Applicant respectfully requests that this practice – or similar – be observed in any future Office Action.

Applicant reiterates the following requests.

Applicant requests a specific designation of any portion of any reference that is thought to teach that “the special purpose entity [owns] the lease of the leased interest,” and a “clear explanation of pertinence.”

Applicant requests a specific designation of any portion of any reference that is thought to teach “development of an asset underlying the leased interest being financed by debt issued by the special purpose entity,” and a “clear explanation of pertinence.”

Applicant requests a specific designation of any portion of any reference that is thought to teach “the debt being non-recourse against the special purpose entity, the landlord and the asset,” and a “clear explanation of pertinence.”

If any one of these six showings cannot be made, Applicant respectfully requests allowance.

C. The Little Reference Is Incompatible With Claim 56

Claim 56 recites three distinct entities: a landlord, a tenant, and a special purpose entity. Claim 56 recites that “the special purpose entity [is] a legal entity owned by a landlord of the real estate.”

No relationship between the landlord and the SPE is apparent in the cited portions of the Little article, let alone the “owned by” relationship recited in claim 56. Indeed, the Little article suggests away from claim 56: at page 46, in the sentence spanning col. 1 to col. 2, Little describes that the special purpose entity is “controlled by the lessee,” not by the landlord/lessor, and should be “‘consolidated’ with the lessee,” not the landlord/lessor.

If any rejection is maintained, Applicant requests a specific designation of any portion of any reference that is thought to teach a “special purpose entity [that is] a legal entity owned by a landlord of the real estate,” and a clear explanation of pertinence.

At ¶ 6(b)(2), page 5, lines 9-10, the Office Action misquotes the claim – the observation there is irrelevant. At page 5, line 10, the designation of the entire article is not “as nearly as practicable,” as required by 37 C.F.R. § 1.104(c)(2), and does not convey the Examiner’s view.

D. *Bozek* and “common sense”

In the interview, the Examiner indicated that he relied on *In re Bozek*, a 1969 CCPA case, as permitting use of “common knowledge and common sense.” The Federal Circuit recently explained that *Bozek* was not a broad authorization to substitute intuition for evidence, *In re Lee*, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1435 (Fed. Cir. 2002) (citations and quotations omitted, underline added):

... This court explained... that deficiencies of the cited references cannot be remedied by ... general conclusions about what is basic knowledge or common sense.

The case on which the Board relies for its departure from precedent, *In re Bozek*, 416 F.2d 1385, 163 USPQ 545 (CCPA 1969), indeed mentions “common knowledge and common sense” ... *Bozek* did not hold that common knowledge and common sense are a substitute for evidence, but only that they may be applied to analysis of the evidence. *Bozek* did not hold that objective analysis, proper authority, and reasoned findings can be omitted from Board decisions. Nor does *Bozek*, after thirty-two years of isolation, outweigh the dozens of rulings of the Federal Circuit and the Court of Customs and Patent Appeals that determination of patentability must be based on evidence. This court has remarked that *Bozek*’s

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reference to common knowledge “does not in and of itself make it so” absent evidence of such knowledge.

...Thus when [the patent examiner and the Board] rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated and placed on the record. The failure to do so is not consistent with either effective administrative procedure or effective judicial review.

MPEP § 2144-2144.09 give examples of the types of specific evidence or explanation that are permissible and required. For example, MPEP § 2144.03(B) requires “If [an examiner asserts facts unsupported by direct evidence], the basis for such reasoning must be set forth explicitly. The examiner must provide specific factual findings...” Applicant requests that every step in the Examiner’s reasoning be supported by either a reference or by “reasoning ... set forth explicitly” and “specific factual findings.” Until the Examiner’s view is fully and clearly communicated, it is very difficult for an Applicant to respond directly and appropriately.

E. “Motivation to combine”

The Office Action states that the motivation to combine “would have been to create property transactions which are beneficial to both lessor and lessee.” The Office Action contains no showing of how the references could be combined to be “beneficial” or what “benefit” would flow. This is not a permissible “motivation to combine.” A generality that could apply to nearly any two documents relating to “property transactions,” even those that describe completely unrelated or incompatible structures, is not legally sufficient to raise any rejection. In contrast, the law demands that the showing of “motivation to combine,” and the evidence cited in support, must be reasonably “specific.” *In re Lee*, 277 F.3d at 1343, 61 USPQ2d at 1433-34 overrules an examiner who made the same kind of “boilerplate” assertion of “motivation to combine” based on general observations about computer software (citations and quotations omitted, underline added):

The need for specificity pervades this authority. [P]articular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed. ... [T]he examiner can satisfy the burden of showing obviousness of the combination only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references.

[N]either the examiner nor the Board adequately supported the selection and combination of the ... references. The examiner's conclusory statements that "the demonstration mode is just a programmable feature which can be used in many different device[s] for providing automatic introduction by adding the proper programming software" and that "another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial" do not adequately address the issue of motivation to combine.

Applicant requests a showing of "motivation to combine" that is reasonably specific to these two references and the "relevant teachings," that describes what the combined structure is, and that shows a specific benefit or motivation that flows from the specific combination.

F. Claims 58 and 59

Claims 58 and 59 are likewise insufficiently considered to be rejected, and are patentable with independent claim 56 discussed above. In addition, the dependent claims recite additional features that further distinguish the art.

III. Confirmation of Status of Patent Term Adjustment

Applicant requests re-confirmation that finality of the Office Action of 1/29/2003 was withdrawn by Supervisory Examiner Sough in the Interview of 9/1/2003 (Summary mailed with Office Action of 11/3/2003), based on the incompleteness of the Office Actions up to that point. Applicant requests confirmation that this application is not currently being prosecuted under a Request for Continued Examination, and remains eligible for the following adjustments to patent term:

- 35 U.S.C. § 154(b)(1)(A)(ii): Failure of the Office to respond within four months to Applicant's replies filed 3/31/2003 and 4/30/2004
- 35 U.S.C. § 154(b)(1)(B): Failure of the Office to issue a patent within 3 years after the actual filing date of the application, 7/7/2000
- 35 U.S.C. § 154(b)(1)(A)(i): Failure of the Office to provide a complete first action on the merits consistent with the rules of any claim consistent with Patent Office rules before 10/20/2005
- 35 U.S.C. § 154(b)(1)(A)(i): Failure of the Office to provide a complete first action on the merits consistent with the rules or notice of allowance of claim 56 within 14 months of filing -- this time continues to run

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IV. Finality of any Future Office Action

In the interview, it was agreed that any future rejection that relied on any new support, even if drawn from Little or Weatherly, would be a “new ground of rejection” that prevented final rejection. *In re Kumar*, 418 F.3d 1361, 1367, 76 USPQ2d 1048, 1051 (Fed. Cir. 2005) (any “additional explanation,” even one based on the identical references, is a “new ground of rejection”).

V. Conclusion

In view of the amendments and remarks, Applicant respectfully submits that the claims are in condition for allowance. Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance. In the event that any extension of time is required, Applicant petitions for that extension of time required to make this response timely. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 23-2405, Order No. 114595-02.

Respectfully submitted,

WILLKIE FARR & GALLAGHER LLP

Dated: January 20, 2006By: 

David E. Boundy

Registration No. 36,461

WILLKIE FARR & GALLAGHER LLP

787 Seventh Ave.

New York, New York 10019

(212) 728-8000

(212) 728-8111 Fax